Canadian Radio-television and Telecommunications Commission

2009–2010

Departmental Performance Report

The Honourable James Moore, P.C., M.P.
Minister of Canadian Heritage and Official Languages

Table of Contents

MINISTER'S MESSAGE **5**

CHAIRMAN'S MESSAGE **7**

SECTION I: DEPARTMENTAL OVERVIEW **8**

1.1 SUMMARY INFORMATION 9
1.1.1 Raison d'être 9
1.1.2 Responsibilities 9
1.1.3 Strategic Outcome and Program Activity Architecture (PAA) 10
1.2 SUMMARY OF PERFORMANCE 11
1.2.1 Financial Resources 11
1.2.2 Human Resources 11
1.2.3 Performance Table 11
1.2.4 Contribution of Priorities to the Strategic Outcome 13
1.2.4.1 Operational priorities – Program Activity 1.1: Canadian Broadcasting 13
1.2.4.2 Operational priorities – Program Activity 1.2: Canadian Telecommunications 16
1.2.4.3 Management priorities 18
1.2.5 Risk Analysis 20
1.2.6 Expenditure Profile 21
1.2.7 Voted and Statutory Items 21

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME **23**

2.1 STRATEGIC OUTCOME (S.O. 1) 24
2.2 PROGRAM ACTIVITY 1.1: CANADIAN BROADCASTING 24
2.2.1 Benefits for Canadians 25
2.2.2 Performance Analysis 25
2.2.3 Planned Activities Results 25
2.2.4 Unplanned Activities Results 27
2.2.5 Lessons Learned 27
2.3 PROGRAM ACTIVITY 1.2: CANADIAN TELECOMMUNICATIONS 27
2.3.1 Benefits for Canadians 28
2.3.2 Performance Analysis 29
2.3.3 Lessons Learned 29
2.4 PROGRAM ACTIVITY 1.3: INTERNAL SERVICES 29
2.4.1 Benefits for Canadians 29
2.4.2 Performance Analysis 30

SECTION III: SUPPLEMENTARY INFORMATION **31**

3.1 FINANCIAL HIGHLIGHTS 32
3.2 LIST OF SUPPLEMENTARY INFORMATION TABLES 33
3.3 OTHER ITEMS OF INTEREST 33

Minister's Message

The Government of Canada recognizes that the cultural sector plays a vital role in building dynamic communities across Canada and contributes immensely to our economy. As a Canadian Heritage Portfolio agency, the Canadian Radio-television and Telecommunications Commission (CRTC) works to engage Canadians in a vibrant cultural and civic life and encourages us to celebrate the uniquely Canadian nature of our country.

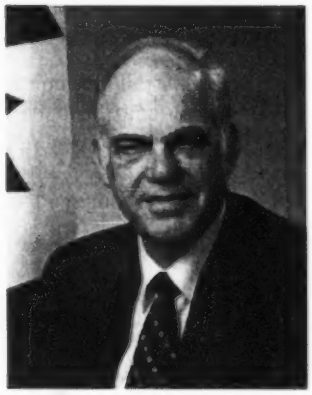
Our cultural and economic life is undergoing a remarkable transformation. Today, broadband and wireless networks are allowing Canadians to take advantage of the many opportunities offered by digital technologies—as creators, consumers, and engaged citizens. The CRTC works to ensure that the broadcasting and telecommunications industries continue to play key roles in this new environment.

The CRTC's regulatory framework, which evolved during an era when access to the broadcasting system was well defined, is being challenged by new platforms for the distribution of content. At the same time, technology helps the CRTC fulfill its mandate by giving consumers more choice and enabling greater public participation in the regulatory process.

As the Minister of Canadian Heritage and Official Languages, I am pleased to present the *2009–2010 Departmental Performance Report* of the CRTC. This report illustrates the activities of the CRTC during the last fiscal year.

The Honourable James Moore, P.C.
Minister of Canadian Heritage and Official Languages

Chairman's Message



I am pleased to present the Canadian Radio-television and Telecommunications Commission's (CRTC's) *Departmental Performance Report* for 2009-2010. The past year presented many challenges for the CRTC, most notably a growing crisis in conventional television and the regulatory implications of new technologies.

In the spring of 2009, the CRTC issued licences of one year for the major English-language television networks and two years for TVA Group Inc. This decision was made in light of the global recession, which triggered a slump in the sale of advertising on conventional stations. Smaller broadcasters, who were less exposed to the difficult economic climate, were granted renewals of six or seven years.

Following the short-term renewals, the CRTC developed a new approach to licensing private television services. In March 2010, we introduced a framework that will ensure English-language broadcasters can continue to invest in high-quality Canadian programming. Starting next year, licence renewals will be conducted on the basis of large ownership groups that control both conventional and specialty television services.

Additionally, the CRTC announced new requirements to make it easier for the more than four million Canadians living with disabilities to access broadcasting and telecommunications services. As a result of this converged proceeding, Canadians will have access to cellphone models and other services that meet the needs of users with disabilities.

In October 2009, the CRTC announced its decision on Internet traffic management practices—an issue that is also referred to as net neutrality. We set out a comprehensive framework to guide Internet service providers (ISPs) in their strategies to manage the traffic on their networks, as well as the criteria to determine whether a practice is acceptable. We also required ISPs to inform their retail and wholesale customers before implementing a traffic management practice.

The digital revolution is fully underway, while the convergence of broadcasting and telecommunications is creating an integrated communications industry. The CRTC will continue to leverage opportunities that derive from the digital economy for the benefit of all Canadians, to the extent possible under the current legislative and regulatory frameworks. Our aim, as always, is to maximize the presence of Canadian content on a variety of platforms, and ensure Canadians have access to high-quality telecommunications services at affordable prices.

Konrad von Finckenstein, Q.C.

SECTION I: DEPARTMENTAL OVERVIEW

1.1 Summary Information

1.1.1 Raison d'être

The Canadian Radio-television and Telecommunications Commission (CRTC) is an independent public authority that regulates and supervises the Canadian broadcasting and telecommunications systems in the public interest, according to the policy objectives established in the *Broadcasting Act* of 1991 and the *Telecommunications Act of* 1993.

The CRTC seeks to strike a balance between the needs of Canadians and those of the communications industry. Through its regulatory function, the CRTC addresses, various economic, social and cultural issues in relation to the communications industry. Some examples include fostering:

- a competitive marketplace in which Canadian communications enterprises create jobs and value for Canadians
- Canada's linguistic duality and cultural diversity
- enhanced accessibility for people with disabilities, such as closed captioning for persons who are hearing-impaired and described video for persons who are visually impaired, and
- the development of mechanisms to address concerns, such as abusive comments or violence in the broadcast media, or rates for telecommunications services.

1.1.2 Responsibilities

The CRTC exists under the authority of the *Canadian Radio-television and Telecommunications Commission Act* of 1985. The CRTC's mandate is governed by the *Broadcasting Act* of 1991 and the *Telecommunications Act* of 1993.

The *Broadcasting Act* seeks to ensure that all Canadians have access to a wide variety of high-quality Canadian programming. The *Telecommunications Act* seeks primarily to ensure that all Canadians have access to reliable, high-quality telephone and telecommunications services at affordable prices.

The CRTC fulfills its responsibilities through a number of interrelated activities such as:

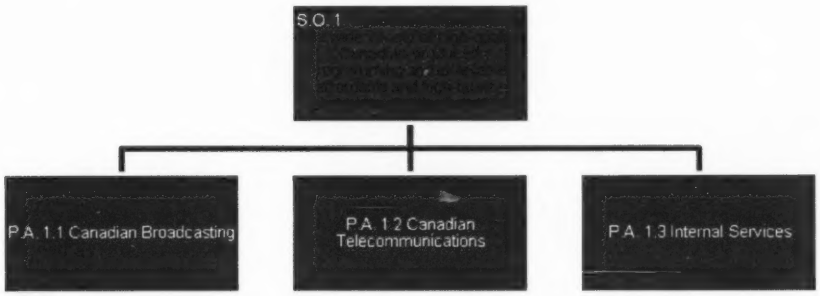
- consulting and informing Canadians through use of its website and public processes
- issuing, renewing and amending licences for broadcasting undertakings
- making determinations on mergers, acquisitions and changes of ownership
- approving tariffs and certain agreements for the telecommunications industry
- monitoring and removing obstacles to competition
- resolving competitive disputes
- researching, developing and implementing regulatory policies
- monitoring, assessing and reviewing, broadcasting undertakings' programming and financial obligations to ensure compliance with regulations and conditions of licence, and
- investigating and enforcing telemarketing rules.

Timeliness, transparency, fairness and predictability are the four principles that guide the CRTC's work.

The CRTC endeavours to ensure that its regulatory policies remain current by taking into account emerging technologies, market developments and evolving consumer interests, and that where regulation is required, it is efficient and effective.

As a federal organization, the CRTC reports to Parliament through the Minister of Canadian Heritage and Official Languages. The CRTC is listed in Schedule 1.1 of the *Financial Administration Act*, and as such its budget and employees are subject to Government of Canada policies and guidelines, ensuring excellence and accountability to Canadians.

1.1.3 Strategic Outcome and Program Activity Architecture (PAA)[1]



During 2009–2010, the CRTC was guided by one overarching strategic outcome: Canadians have access to a wide variety of high-quality, Canadian-produced programming, and to reliable, affordable and high-quality telecommunication services. Three program activities facilitated results under this strategic outcome:

- Canadian Broadcasting deals specifically with activities and priorities pertaining to the broadcasting sector
- Canadian Telecommunications deals with activities and priorities stemming from the telecommunications sector, and
- Internal Services includes corporate activities that support the CRTC's operations.

[1] The *2009-2010 Report on Plans and Priorities* identified two Strategic Outcomes. In the course of the year, the CRTC decided to combine all program activities under one strategic outcome.

1.2 Summary of Performance

1.2.1 Financial Resources

2009–2010 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
46.0	55.6	53.7

The difference between planned spending and total authorities is attributable to the Commission having received temporary funding for the National Do Not Call List (DNCL); increases in authority for Treasury Board's vote transfer for ratified collective agreements; reimbursement of eligible paylist expenditures; and authorised budget carry forward.

1.2.2 Human Resources

2009–2010 Human Resources (FTEs)

Planned	Actual	Difference
425	435	10

The difference between planned and actual FTEs can be attributed primarily to the temporary funding for the National Do Not Call List.

1.2.3 Performance Table

PROGRAM ACTIVITY 1.1: Canadian Broadcasting Strategic Outcome: Canadians have access to a wide variety of high-quality, Canadian-produced programming, and to reliable, affordable and high-quality telecommunications services.		
Performance Indicators	**Targets**	**2009–2010 Performance**
Diversity within the broadcasting system is reflected in the ownership of stations, the availability of programming genres and the language of broadcast.	Maintain the current levels of diversity as measured in the CRTC's *Communications Monitoring Report*.	The CRTC not only maintained but increased levels of diversity within the broadcasting system. The CRTC granted 13 radio licences to community and native stations to increase the diversity of voices in small markets and remote areas. The Commission also approved 29 applications for Category 2 specialty services to increase the diversity of television programming offered by the Canadian broadcasting system. It also approved applications for 5 new distribution services.

		Furthermore, the Commission authorized 4 non-Canadian services to the list of eligible satellite services for distribution in Canada. As a result, Canadians can now access 1,221 different radio services and 704 television services.
The number of applications received The number of proceedings initiated The number of interventions filed The number of Canadian broadcasting services licensed as a result of the proceedings.	The one-year target set by the CRTC for 2009-2010 was to increase the number of public proceedings for new services by 10 percent. Due to budgetary constraints and other priorities, this target was not achieved.	The CRTC processed a total of 870 broadcasting applications for new services, licence amendments and renewals. The CRTC initiated 14 public hearings, equalling last year's total, and issued 110 notices calling for comments on various applications and policy-related matters. These processes generated 213,743 comments and interventions—more than 10 times the number recorded in 2008-2009. The CRTC issued 47 new broadcasting licences.

PROGRAM ACTIVITY 1.2: Canadian Telecommunications

Strategic Outcome: Canadians have access to a wide variety of high-quality, Canadian-produced programming, and to reliable, affordable and high-quality telecommunications services.

Performance Indicators	Targets	2009–2010 Performance
The percentage of Canadians who have access to wireline and wireless services The average annual increase in local telephone rates, and The number of complaints the Commission receives regarding quality-of-service issues.	Ensure that the proposed rates for telephone service and other telecommunications services submitted by the major service providers are limited to the rate of inflation. Monitor quality-of-service indicators to ensure that service providers deliver high-quality services. Ensure the number of complaints does not increase.	More than 98 percent of Canadians subscribed to telephone service, and 99 percent had access to wireless services. Commission staff reviewed all tariff applications filed by the regulated service providers. Where the proposed rates did not meet the pricing constraint imposed by the CRTC, the applicant was notified and asked to file amendments to ensure compliance. In regulated areas, the increase in rates for local telephone service remained at or below the rate of inflation. The Commission's Client Services group responded to more than 11,000 telecommunications inquiries, compared to approximately 19,000 in the previous fiscal year.
Wireline telecommunications revenue market share by type of service provider (percent), and Total telecommunications revenues by type of service provider (dollars).	The CRTC's target is to maximize the reliance on market forces and foster an efficient and competitive market. The Commission will regulate the industry only in cases where the market fails to fulfill the *Telecommunication Act's* objectives. Historically, competitor revenue growth	The Commission streamlined regulations related to consumer-privacy safeguards, modified regulations related to directory-assistance service and the expanded local calling area framework. The Commission began a review of the telephone companies' basic service obligations. Public hearings have been scheduled for October and November 2010.

	has been approximately two percent per year. The Commission expects this trend will continue.	The Commission continued to review its telecommunications regulations.

($ millions)

Program Activity	2008–2009 Actual Spending	2009–2010				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Canadian Broadcasting	22.8	16.7	16.7	19.1	19.7	A vibrant Canadian culture and heritage.
Canadian Telecommunications	19.0	13.4	13.4	18.0	18.6	A fair and competitive marketplace.
Internal Services	16.7	15.9	15.9	18.5	15.4	
Total	58.5	46.0	46.0	55.6	53.7	

1.2.4 Contribution of Priorities to the Strategic Outcome

1.2.4.1 Operational priorities – Program Activity 1.1: Canadian Broadcasting

Operational Priorities	Type	Status	Linkages to the Strategic Outcome
Private Conventional TV licence renewals	New	*Expectations met* • In spring 2009, the Commission held a licence-renewal process for major private conventional television groups. The Commission opted for short-term licence renewals. • In fall/winter 2009, the Commission developed a television regulatory policy based on ownership groups in preparation for the 2011 renewals.	*Strategic Outcome 1* The Canadian broadcasting system consists of a variety of voices that display Canada's linguistic and cultural diversity.
Implementation of the broadcasting distribution undertakings (BDUs) decision	Ongoing	*Expectations met* • The Commission made amendments to its regulations to implement certain elements of the regulatory frameworks announced in Broadcasting Public Notice 2008-100. These new regulations will enable BDUs to make use of new forms of targeted advertising, require certain licensees to make contributions to the Local Programming Improvement Fund (LPIF) and establish the evidentiary burden to be applied when assessing complaints of undue preference or disadvantage against	*Strategic Outcome 1* Canadians continue to have access to the broadcasting system through traditional and new platforms.

		BDUs. • Subsequent amendments that will come into effect on August 31, 2011, are designed to: ensure that the Canadian broadcasting industry, including cable and satellite companies, is prepared to transition to a fully digital environment, and simplify the Commission's regulations to foster a more coherent and standardized broadcasting system.	
Emerging artists	Previously committed to	*Expectations mostly met* • The Commission held a public process to define the term "emerging artist." By the end of 2009, data had been gathered, but not analyzed. The formulation of recommendations to the Commission was delayed to address other policy priorities. • The CRTC intends to complete its analysis of the various proposals during 2010–2011.	*Strategic Outcome 1* The CRTC has a broad mandate to advance cultural, economic and social objectives in the Canadian communications system.
Canadian Broadcasting Corporation (CBC)/Société Radio-Canada (SRC) licence renewals	Previously committed to	*Expectations not met* • The Commission administratively renewed the CBC/SRC radio and television licences. This enabled the CRTC to review its approach to licence renewals in light of the rapidly evolving broadcasting landscape and the challenges facing the broadcasting industry . • In fall 2011, the CRTC plans to discuss, in the context of a licence renewal hearing, the CBC/SRC's unique role within the Canadian broadcasting system.	*Strategic Outcome 1* The CRTC sets out the requirements CBC/SRC must meet in carrying out its mandates under the *Broadcasting Act*, which includes providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity
Digital transition	Previously committed to	*Expectations mostly met* • The CRTC finalized its list of markets that must convert to digital television by August 31, 2011. These markets include the national capital region and all provincial and territorial capital cities, as well as markets either served by more than one local station or with populations greater than 300,000. • The CRTC issued a call for comments on a number of issues related to the digital transition. A decision is expected in summer 2010.	*Strategic Outcome 1* The CRTC seeks to ensure that Canadians maintain access to over-the-air television stations after the digital transition.
Value for signal	New	*Expectations met* • In December 2009, the CRTC began public hearings resulting in a March 2010 decision recognizing the right of private	*Strategic Outcome 1* The CRTC is encouraging broadcasters and distributors to

		conventional broadcasters to negotiate the value of their signals with BDUs. • The CRTC sought clarification from the Federal Court of Appeal as to whether it has the authority to establish a regime enabling private local television stations to negotiate such a value with BDUs. A decision by the Court is expected in 2010-2011.	work together to ensure the continuation of conventional television.
Local Programming Improvement Fund (LPIF)	New	*Expectations met* • In July 2009, the CRTC announced that cable and satellite companies must contribute an additional 0.5 percent to the LPIF. These companies must now contribute 1.5 percent of their gross broadcasting revenues to the fund. As a result, approximately $100 million was available for distribution during the 2009–2010 broadcast year.	*Strategic Outcome 1* The CRTC created the LPIF to maintain minimal number of hours of local programming for Canadians living in non-metropolitan communities.
New media	Previously committed to	*Expectations met* • During 2008–2009, the CRTC conducted a review of its policy on Canadian broadcasting in new media. As a result, in June 2009 the CRTC announced that it would maintain its decision to not regulate broadcasting on the Internet. • The CRTC also referred the question of whether the *Broadcasting Act* applies to Internet service providers to the Federal Court of Appeal. The Court has yet to render a decision.	*Strategic Outcome 1* The policy affirms that broadcasting over the Internet and through mobile devices compliments the traditional broadcasting system.
Social policy direction	Ongoing	*Expectations met* • The CRTC issued a regulatory policy addressing a variety of accessibility issues, including the establishment of Internet Protocol relay service; the provision of accessible wireless mobile handsets; improved accessibility of information; service and support to customers; improvements to the availability of, and access to, described video; and improvements to the quality of closed captioning. • This policy was issued under both the Broadcasting and Telecommunications Acts.	*Strategic Outcome 1* The CRTC works with industry to promote greater accessibility to broadcasting and telecommunication services for persons with disabilities.
Convergence policy	Ongoing	*Expectations met* • In February 2010, the Commission published *Navigating Convergence: Charting Canadian Communications Change and Regulatory Implications*, which highlighted convergence trends,	*Strategic Outcome 1* The research provided the CRTC with a better understanding of

			regulatory implications and other issues the CRTC may be required to address in the next three to five years.	the challenges of the rapidly evolving digital communications environment and consumers' behaviour.

1.2.4.2 Operational priorities – Program Activity 1.2: Canadian Telecommunications

Operational Priorities	Type	Status	Linkages to the Strategic Outcome
National Do Not Call List (DNCL)	Ongoing	*Expectations met* • Canadians registered 1.6 million numbers on the National DNCL. Since it was launched in 2008, approximately 8.3 million numbers have been registered. • More than 1,800 telemarketers registered with the National DNCL operator representing over 7,500 telemarketers now registered on the list. • The CRTC has undertaken activities to ensure compliance with, and enforcement of, the National DNCL rules. The Commission has issued 187 warning letters and 25 notices of violations to telemarketers, and imposed 11 administrative monetary penalties totalling $73,000.	*Strategic Outcome 1* The Commission notes that an independent survey conducted by Harris Decima, on behalf of the Marketing Research and Intelligence Association, confirmed that the program has been effective with 84 percent of Canadians surveyed said that they were receiving fewer telemarketing calls.
Wireless 911	Previously committed to	*Expectations met* • Improvements to wireless 911 services were announced in February 2009, and completed in February 2010. • The improved service will enable emergency dispatchers to locate people who use cellular phones to make 911 emergency calls with much greater accuracy. • By relying on global positioning system and triangulation technology, 911 operators will receive much more precise information on the caller's location.	*Strategic Outcome 1* The CRTC continues to work with industry to improve the security of Canadians.
Revisions to wholesale services rates and terms	Previously committed to	*Expectations met* • The CRTC reviewed the rates offered by incumbent telephone companies to competitors for certain wholesale services. These services included competitor digital network links, billing and collection, 800 carrier identification, enhanced wireless	*Strategic Outcome 1* The CRTC is committed to ensuring that Canadians have access to a choice of service providers that offer reliable telephone and other high-quality

		911, and aggregated asymmetric digital subscriber lines.	telecommunications services at just and reasonable rates.
A focused and modernized regulatory framework	Ongoing	*Expectations met* • The Commission streamlined regulations related to consumer-privacy safeguards, modified regulations related to directory-assistance service, and expanded the local calling area framework. • The CRTC began its review of the telephone companies' basic service obligations. Public hearings have been scheduled for October and November 2010.	*Strategic Outcome 1* The CRTC is committed to efficient and effective regulation. The CRTC relies on market forces to the maximum extent possible and only regulates when needed.
Streamlining tariff approvals and other processes	Previously committed to	*Expectations met* • In 2009–2010, the CRTC met or exceeded its service standards for 95 percent of the telecommunications applications processed. • The CRTC's website was modified to update telecommunications service providers on the status of their tariff applications. • The CRTC established a single point of contact for small telecommunications service providers to answer their questions regarding the Commission's rules.	*Strategic Outcome 1* The CRTC continues to meet or exceed its service standards with respect to processing tariff applications.
Internet traffic management practices	Previously committed to	*Expectations met* • The CRTC conducted a proceeding to address the extent to which ISPs can manage traffic on their networks in accordance with the *Telecommunications Act*. In October 2009, the Commission issued a new policy that balances the freedom of Canadians to use the Internet with ISPs' legitimate traffic-management interests. • The policy ensures consumers are properly informed of traffic management practices being applied to their Internet services without discouraging innovation. • The policy also ensures that personal information collected for the purpose of managing Internet traffic is not used for any other purpose.	*Strategic Outcome 1* The CRTC instructs ISPs to be more transparent about their Internet traffic management practices that appropriately balances the freedom of Canadians to use the Internet with the legitimate interests of ISPs to manage the traffic generated on their networks.
Mediation	Ongoing	*Expectations met* • In January 2009, the CRTC published revised procedures regarding staff-assisted mediation, final- offer arbitration, and expedited hearings. The revised procedures resulted in well designed,	*Strategic Outcome 1* The CRTC is committed to a well designed, predictable and timely dispute-settlement mechanism for broadcasting and

		predictable, and timely dispute-settlement mechanisms for broadcasting and telecommunications entities. • The Broadcasting Alternative Dispute Resolution team was involved in five formal and 15 informal disputes, while providing assistance to resolve 20 disagreements. • A separate group was created to manage the arbitration processes falling under either the *Telecommunications Act* or the *Broadcasting Act*. They were involved in two arbitration proceedings.	telecommunications.
Industry analysis	Ongoing	*Expectations met* • The CRTC and Industry Canada implemented an agreement to collaborate on the collection and analysis of data on availability of broadband services in Canada. • The CRTC expanded the *Communications Monitoring Report* to include more information on broadband availability and present more international comparisons.	*Strategic Outcome 1* The CRTC now produces a comprehensive report of the communications service markets and industry for use by all stakeholders.
International outreach	Ongoing	*Expectations met* • The CRTC hosted the two-day meeting of the international chapter of the International Institute of Communications' Regulators Forum in Montreal in October 2009. • The Commission organized meetings between senior CRTC officials and their international counterparts.	*Strategic Outcome 1* The Commission will pursue regular consultation with international regulatory agencies to identify—and, where practical, implement—best practices.

1.2.4.3 Management priorities

Management Priorities	Type	Status	Linkages to the Strategic Outcome
A more focused regulatory approach	Ongoing	*Expectations mostly met* • The CRTC made significant progress towards the development of converged new rules of procedure. It issued guidelines explaining how sections of the rules interact. The CRTC intends to have the rules of procedure in place by early 2011. • Regulatory measures that were streamlined or eliminated include: consumer-privacy obligations, directory-assistance service, and the expanded local calling area framework. • The implementation of an accelerated process for certain types of public-hearing applications	*Strategic Outcome 1* The CRTC continues to streamline and reduce the industry's regulatory burden.

		could not be carried out due to budgetary constraints and other priorities. However, the Commission is committed to making its processes more efficient. Improvements could include expediting routine applications, proposing exemption orders and streamlining renewals for certain types of applications.	
Greater outreach to citizens and stakeholders	Ongoing	*Expectations met* • To meet its outreach goals, the CRTC: conducted online consultations on major public processes; created a single point of contact for smaller stakeholders; simplified the language it uses in correspondences and communications; and attended national and international conferences and events.	*Strategic Outcome 1* The CRTC is making efforts toward greater outreach to citizens and stakeholders in an effort to better serve them.
An improved organization	Ongoing	*Expectations met* • The CRTC concluded its first talent-management cycle to promote dialogue between employees and management about career- and work-related subjects. The program aims to align career aspirations and developmental needs of employees with organizational needs. • A leadership training program was developed and implemented in September 2009 to reflect the CRTC's specific needs. Several CRTC managers began this modular training program. • The union-management consultative committee made progress on the standardization of jobs. Generic work descriptions were created for managers and analysts who do comparable work in the CRTC's key business sectors. • A formal job rotation program was put on hold due to budgetary constraints and other priorities. However, informal arrangements have led to assignments within and between sectors. • The CRTC developed and implemented continuity plans that focus on the long-term development of employees. • The CRTC offered the first complete semester of its "CRTC-U" orientation program. This program is mandatory for new employees and open to all interested workers.	*Strategic Outcome 1* Continuity is a corporate strategy for building capacity and ensuring the organization's future.

1.2.5 Risk Analysis

Operating environment
The digital revolution is significantly transforming how Canadians live, work and communicate. As a result, broadcasting and telecommunications stakeholders have called on the CRTC to streamline regulations, process applications more quickly and offer better service standards. Working closely with industry, the CRTC has deregulated nearly every area of the telecommunications industry. Last year, for instance, it reviewed regulations related to consumer-privacy safeguards, modified regulations related to directory-assistance service and the expanded local calling area framework.

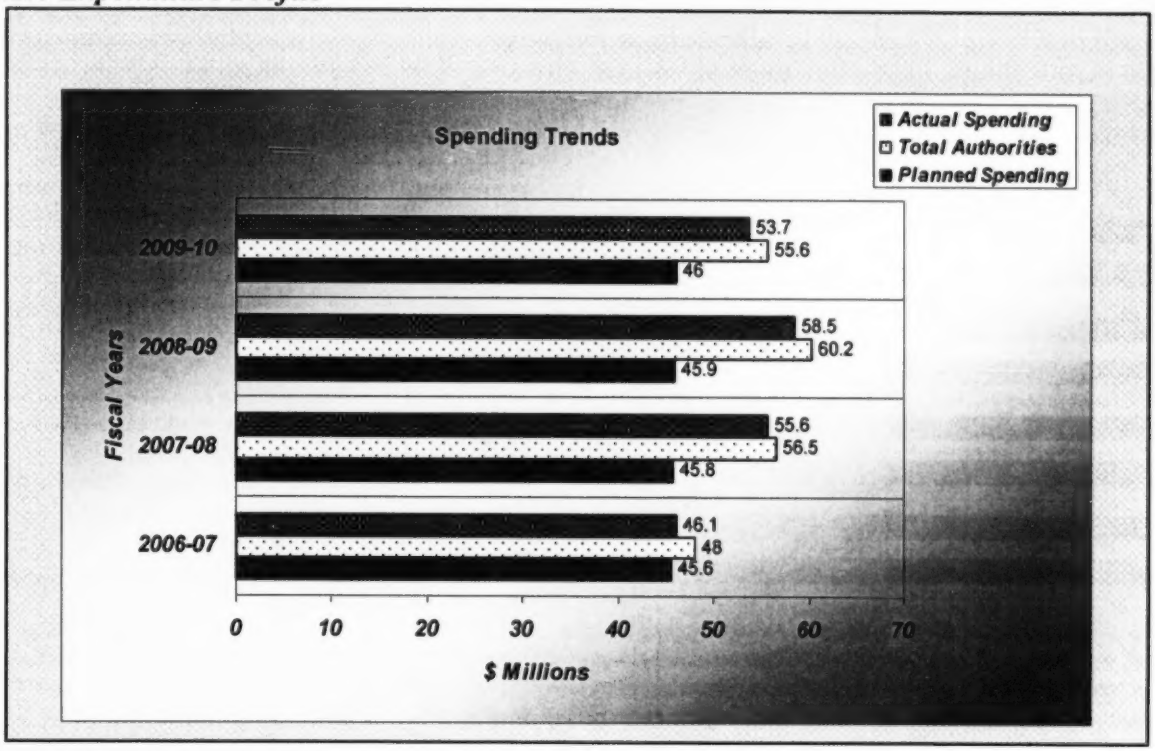
Risks
The recession had an impact on all sectors of society, including the communications sector. To help industry during the period of economic uncertainty, the CRTC:

- issued short-term licences that enabled private conventional television broadcasters to move forward with more flexibility in their operations
- increased funding for the Local Programming Improvement Fund
- granted flexibility to local television stations in smaller markets that may want to delay the transition to digital television

Challenges
The CRTC successfully addressed most of the challenges identified in its 2009–2010 *Report on Plans and Priorities.*

- The CRTC held public hearings to consider a group-based approach to the licensing of conventional television and discretionary services. Such an approach will harmonize the rules and obligations governing these services.
- Despite budgetary constraints and increasing workloads, the Commission continued to meet and surpass existing services standards for processing telecommunications and broadcasting applications.
- The CRTC created a separate group to help mediate competitive disputes within the telecommunications market.
- As part of its continuity planning, the CRTC successfully filled all vacant leadership positions and completed 90 percent of its development plans.

1.2.6 Expenditure Profile



The CRTC's actual spending decreased in 2009–2010. The Commission had received temporary funding, which ended in 2008–2009, to address an increased workload related to its legislative and regulatory responsibilities.

Details on the approved increases and related billing impact for the broadcasting and telecommunications industries are noted in Broadcasting Circular 2007-9 and Telecom Circular 2007-18, dated December 21, 2007. More information about these circulars is available online at: http://www.crtc.gc.ca/eng/archive/2007/c2007-9.htm.

The total authorities also include the amount authorized for the operating budget carry-forward and applicable Treasury Board vote transfers.

1.2.7 Voted and Statutory Items

($ millions)

Vote # or Statutory Item(s)	Truncated Vote or Statutory Wording	2007–08 Actual Spending	2008–09 Actual Spending	2009–10 Main Estimates	2009–10 Actual Spending
45	Program expenditures	9.9	12.2	-	6.0
(S)	Contributions to employee benefit plans	5.5	5.9	5.4	6.4
	Total	15.4	18.1	5.4	12.4

The CRTC's actual spending in 2009–2010 was $53.7 million. Of that total, $12.4 million was related to voted and statutory items and $41.3 million to expenditures netted against revenue (i.e. vote-netted revenue). For additional information, see the section on sources of respendable and non-respendable revenue.

Canada's Economic Action Plan

The CRTC received $14,000 in funding under Canada's Economic Action Plan to enhance student employment in the federal public service.

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1 Strategic Outcome (S.O. 1)

Canadians have access to a wide variety of high-quality, Canadian-produced programming and to reliable, affordable and high-quality telecommunications services.

2.2 Program Activity 1.1: Canadian Broadcasting

2009–2010 Financial Resources ($ millions)			2009–2010 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
17	19.1	19.7	133	149	16

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
The Canadian broadcasting system is made up of a variety of voices that display Canada's linguistic and cultural diversity.	Diversity within the broadcasting system is reflected in the ownership of undertakings, the availability of programming genres and the language of broadcast.	Maintain the current levels of diversity as measured in the CRTC's *Communications Monitoring Report*.	Canadians could access 1,221 different radio services. Of these, 910 were English-language services, 265 French-language services and 46 third-language services. Canadians could also choose from 704 television services, which consisted of 459 English-language services, 111 French-language and 134 third-language services.	Canadians have access to a wide variety of high-quality, Canadian-produced programming.
Canadians have access to the broadcasting system as licensees of new services, as audiences of high-quality programming and as participants in CRTC proceedings.	Performance is measured by the number of: applications received; proceedings initiated; interventions filed; and broadcasting services licensed as a result of proceedings.	Increase number of proceedings for new services by 10 percent. The 10 percent increase in proceedings was contingent upon securing additional funding. Given the	The CRTC processed a total of 870 applications for new services, licence amendments and renewals. The Commission held 14 broadcasting hearings, including four on regulatory	Given the recession in 2008 and 2009, the Commission took a cautious approach in dealing with applications for new services in highly competitive markets.

		economic downturn, and the impact that supplementary funding would have had on fee payers, this expectation was not met.	policy matters. It also issued 110 notices calling for comments on various applications and policy-related matters. These processes generated a total of 213,743 comments and interventions—more than 10 times the number recorded in 2008–2009.	

2.2.1 Benefits for Canadians

The broadcasting industry is a major contributor to Canada's economy. It employs more than 32,000 people and generates annual revenues of more than $14 billion[2]. The CRTC ensures that Canadians can access a wide array of high-quality Canadian programming on a multitude of platforms.

2.2.2 Performance Analysis

Despite financial constraints and the economic downturn, the CRTC continued to work closely with industry to strengthen Canada's broadcasting industry while fully delivering on its mandate under the *Broadcasting Act.* The Commission issued short-term licences that enabled private conventional television broadcasters to move forward with more flexibility in their operations while increasing funding for the Local Programming Improvement Fund to ensure a minimal number of hours of local programming in non-metropolitan communities.

2.2.3 Planned Activities Results

Regulatory review

- In June 2009, following a study on broadcasting in new media, the CRTC announced that it would continue to exempt new media broadcasting services from regulation.
- On March 22, 2010, the CRTC finalized the list of markets that must convert to digital television by August 31, 2011. These markets include the national capital region and all provincial and territorial capital cities, as well as markets either served by more than one local station or with populations greater than 300,000.
- In February 2010, the CRTC released *Navigating Convergence: Charting Canadian Communications Change and Regulatory Implications*, which examined telecommunications, broadcasting, and the evolving converged world of communications. The report demonstrated the links between each and the CRTC's current regulatory agenda.

[2] *Communications Monitoring Report, 2009*

Accelerated service delivery and standards

The industry continues to benefit from the Commission's accelerated service delivery and improved service standards. In 2009–2010, the CRTC resolved 97 percent of applications that did not require public processes within 2 months (target is 80 percent) and 98 percent were resolved within three months (target is 90 percent).

For amendment applications processed by notices of consultation:

- Without interventions: 89 percent were processed within six months (target is 80 percent) and 92 percent within eight months (target is 90 percent).
- With interventions: 91 percent were processed within eight months (target is 80 percent) and 93 percent within 10 months (target is 90 percent).

For renewal applications processed by notice of consultation, 75 percent were processed within eight months (target is 80 percent) and 75 percent within 10 months (below 90 percent target).

In addition, the single point of contact for smaller broadcasters—created in November 2008 to facilitate the application process—dealt with 913 requests for information.

Licence awards, amendments and renewals

In 2009–2010, the Commission granted 13 radio licences to community and native stations to increase diversity of voices in small markets and remote areas, approved 29 applications for Category 2 specialty services to increase the diversity of television programming, and approved applications for five new distribution services. Furthermore, the Commission authorized 4 non-Canadian services to the list of eligible satellite services for distribution (Fox Business Network, Russia Today, Al Jazeera English, Benfica TV).

The CRTC processed 316 applications for licence amendments for the three broadcasting sectors (radio, television and distribution). The Commission received 193 renewals and administratively renewed all television licences expiring on August 31, 2010, so it could review its approach to licence renewals in light of the rapidly evolving broadcasting landscape and the challenges facing the broadcasting industry.

In the context of licence renewals, the CRTC monitored compliance with licence requirements among radio, television and broadcasting distribution licensees. It reviewed and evaluated the logs of 124 licensees of television services and performed approximately 90 analyses of radio stations' programming. At renewal time, it reviewed the complaints concerning licensees received during the current licence term and addressed those that were outstanding.

Finally, the Commission received 4,047 complaints pertaining to radio and television services. Of that total, 830 dealt with programming matters that were referred to the Canadian Broadcast Standards Council. For distribution services, the Commission received a total of 5,867 complaints. It also dealt with five allegations of undue preference or undue disadvantage.

2.2.4 Unplanned Activities Results

On September 16, 2009, the government issued an Order-in-Council requesting that the Commission hold hearings on the implications and the advisability of implementing a compensation regime for the value of local television signals. The CRTC launched a proceeding inviting consumers and members of the industry to share their views on how negotiated compensation may or may not affect:

- the affordability of cable and satellite television services
- the availability of local television services, including local news, information and public affairs programming
- the industry as it adapts to a digital communications environment, and
- current or future business models facilitating access to local television stations after the transition from analog to digital signals.

The CRTC began public hearings on December 7, 2009, and submitted its report in March 2010.

2.2.5 Lessons Learned

- Given the increasingly global nature of communications, the programming and distribution sectors of the Canadian broadcasting system must work together to ensure a Canadian presence in the new digital environment.

2.3 Program Activity 1.2: Canadian Telecommunications

2009–2010 Financial Resources ($ millions)			2009–2010 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
13.4	18.0	18.6	130	140	10

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Ensure that Canadians have access to reliable telephone and other high-quality telecommunications services at just and reasonable rates, while at the same time providing the service providers with incentives to operate more efficiently and be more innovative in the provision of	The percentage of Canadians who have access to wireline and wireless services. The average annual increase in local telephone rates. The number of complaints received regarding quality-of-service issues.	Ensure that the proposed rates for telecommunications services meet pricing constraints imposed by the Commission. Monitor quality-of-service indicators to ensure that service providers deliver high-quality services. Ensure the number of quality-of-service complaints does not	With 99 percent access, Canadians are well served by their wireline services. Further, the advanced wireless network that supports handsets, such as smartphones is available to 96 percent of Canadians. Rate increases for local telephone service remained at or below the rate of inflation.	The CRTC ensures that Canadians have access to a choice of service providers that offer reliable telephone and other high-quality telecommunications services at just and reasonable rates.

services.		increase.	The CRTC saw a significant reduction in the number of telecommunications complaints received.	
Implementation of the policy objectives of the *Telecommunications Act* through an increased reliance on market forces.	Market statistics such as wireline telecommunications revenue market share by type of service provider (percent) and total telecommunications revenues by type of service provider (dollars).	The Commission's targets are to remove regulatory obstacles to maximize reliance on market forces, foster an efficient and competitive market, and regulate only in cases where the market fails to fulfill the *Telecommunication Act's* objectives. Historically, competitor revenue growth has been approximately two percent per year. The Commission expects this trend to continue.	There are increasingly more competitors entering the marketplace, offering Canadians a wide array of services and pricing options. Wireline telecommunications revenue market share by type of service provider: -incumbents 63 percent -competitors 31 percent -resellers six percent Total telecommunications revenue by type of service provider: -incumbents $22.9 billion -competitors $16.5 billion -resellers $1.6 billion	The number of local telephone lines held by competitors increased by 12 percent in 2009-2010. Revenue generated by Canada's telecommunication industry exceeded $41 billion in 2009. This represented an increase of 1.8 percent from the previous year.

2.3.1 Benefits for Canadians

The CRTC's regulatory processes and policy structures ensured that Canadians had access to reliable and affordable telecommunications services.

2.3.2 Performance Analysis

Although Canadians were seriously affected by the global recession, the demand for new wireless and broadband Internet services grew. The CRTC has steadily removed regulatory obstacles to maximize reliance on market forces.

Pricing constraints

As per its commitment in the 2009–2010 *Report on Plans and Priorities*, the CRTC ensured that the increase in rates for local telephone service remained at or below the rate of inflation.

Monitoring Complaints

The Commission's Client Services group responded to over 11,000 telecommunications inquiries, compared to approximately 19,000 in the previous fiscal year.

2.3.3 Lessons Learned

- The National Do Not Call List has demonstrated the importance and value of using a wide range of compliance tools to address specific situations. The Commission can build on this experience to assess how to apply a broader range of tools to its telecommunications regulations.
- Building on the success of implementing enhanced wireless 911 services, the CRTC will continue to cooperate with industry to address future technological implementations.
- Given the increasingly competitive telecommunications environment, the CRTC must respond to competitive disputes and tariff applications in a timely manner to ensure the open market's continued efficient functioning.

2.4 Program Activity 1.3: Internal Services

2009–2010 Financial Resources ($ millions)			2009–2010 Human Resources (FTEs)		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
15.9	18.5	15.4	162	146	16

2.4.1 Benefits for Canadians

The CRTC has a governance mechanism and procedures that ensure services are delivered in timely and cost-effective manners.

2.4.2 Performance Analysis

The CRTC responds to applications for new licences or amendments to the terms and conditions of existing licences. It conducted 10 public hearings to respond to applications for: new radio licences to serve Ottawa/Gatineau, Quebec City and Halifax; ownership transactions; television licence renewals; and various other broadcasting matters. There was no change in the number of hearings from the previous year.

- The CRTC will continue to enforce the National DNCL's rules and educate consumers and industry about the new requirements. By doing so, the Commission expects that Canadians will receive fewer unwanted telemarketing calls.
- Plans to implement an accelerated process for certain types of public-hearing applications were delayed due to budgetary restraints and other priorities. The Commission is committed to making its processes more efficient. Improvements could include expediting routine applications, proposing exemption orders and streamlined renewals for certain types of applications.
- Through the CRTC website, stakeholders have better access to pertinent and updated information.
- The CRTC fully implemented its human-resources continuity framework and talent-development process. All leadership positions have been filled, and development plans are in place for 90 percent of the CRTC workforce. Furthermore, 29 percent of employees recruited into indeterminate positions at the CRTC self-identified as visible minorities.
- The CRTC collaborated with other government departments to collect and analyze data. This collaboration resulted in greater data-collection efficiencies and increased accuracy. The CRTC conducted significant work related to international initiatives. For example it hosted the two-day meeting of the international chapter of the International Institute of Communications' Regulators Forum in Montreal in October 2009.
- The CRTC modernized its desktop operating systems resulting in increased software and database interoperability.

SECTION III: SUPPLEMENTARY INFORMATION

3.1 Financial Highlights

($ millions)

Condensed Statement of Financial Position At end of fiscal year (March 31, 2010)	% Change	2008–2009	2009–2010
ASSETS			
Total Assets	0%	4.1	4.1
TOTAL	0%	4.1	4.1
LIABILITIES			
Total Liabilities (note 1)	-29%	12.5	17.5
EQUITY			
Total Equity (note 1)	-38%	-8.4	-13.4
TOTAL	0%	4.1	4.1

($ millions)

Condensed Statement of Financial Operations At end of fiscal year (March 31, 2010)	% Change	2008–2009	2009–2010
EXPENSES			
Total Expenses	566%	502.1	75.1
REVENUES			
Total Revenues	792%	498.5	55.9
NET COST OF OPERATIONS (note 1)	-81%	3.6	19.5

Note 1: On October 7, 2009, the Minister of Canadian Heritage announced an out-of-court settlement regarding CRTC Part II broadcasting license fees. As part of this agreement, the Government issued a remission order (2009-1715 dated October 7, 2009) with respect to a) the amount of Part II license fees and interest that would have been payable by applicable licensees during the Government's fiscal years 2007–2008, 2008–2009 and 2009–2010; and b) the amount of costs and interest awarded to Her Majesty in right of Canada against the appellants by the Federal Court of Appeal's decision on April 28, 2008. The CRTC has recorded those transactions required to address that part of the remission order dealing with fees and accrued interest, while the Department of Canadian Heritage has recorded those transactions related to the award of costs and accrued interest.

As a result of the Government's remission order announced on October 7, 2009, during fiscal year 2009-2010 the CRTC recognized in the Public Accounts of Canada and its financial statements the total amount of Part II fees that would have been payable by broadcasters over the three-year period (i.e. fiscal years 2007- 2008, 2008- 2009 and 2009-2010), which amounted to $433,847,811 ($415,279,112 in fees and $18,568,699 in interest). This total amount was also written off by the CRTC as a bad-debt expense in accordance with the authority provided in the Government's remission order.

A complete copy of the financial statements is available at:
http://www.crtc.gc.ca/eng/publications1.htm

3.2 List of Supplementary Information Tables

All electronic supplementary information tables listed in the 2009–2010 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at http://www.tbs-sct.gc.ca/dpr-rmr/2009-2010/index-eng.asp.

The tables for *Sources of Respendable and Non-respendable Revenue* and *CRTC User Fees/External Fees* are also available on the Treasury Board of Canada Secretariat website.

3.3 Other Items of Interest

A list of CRTC Commissioners is available at www.crtc.gc.ca/eng/about/commissioners.htm

A list of CRTC contacts and offices can be found at www.crtc.gc.ca/eng/contact.htm

A list of legislation, statutes and regulations related to the CRTC can be found at: www.crtc.gc.ca/eng/statutes-lois.htm

A glossary of terms used in this document can be found at: www.crtc.gc.ca/eng/glossary-glossaire.htm